

Columbia Gas[®]
of Kentucky

A NiSource Company

P.O. Box 14241
2001 Mercer Road
Lexington, KY 40512-4241

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PUBLIC SERVICE
COMMISSION

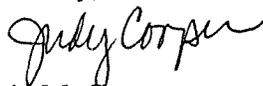
Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

June 1, 2011

Dear Mr. Derouen

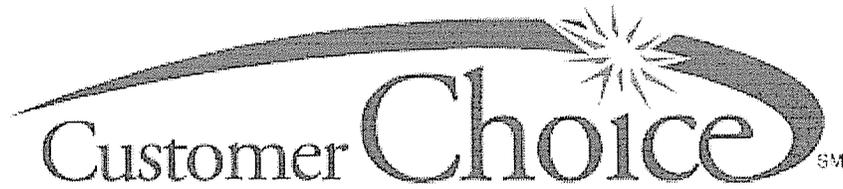
Pursuant to the Commission's Order of February 3, 2011 in Case No. 2010-00233, Columbia Gas of Kentucky, Inc. hereby files its Annual Report on the Customer CHOICESM program. If you have any questions, please call me at (859) 288-0242. Thank you.

Sincerely,



Judy M. Cooper
Director, Regulatory Affairs

Enclosures



Make a Choice. Take Control.

**Columbia Gas of Kentucky, Inc.
Customer ChoiceSM Program
Annual Report**

2011



**Columbia Gas of Kentucky, Inc.
Customer ChoiceSM Program Annual Report
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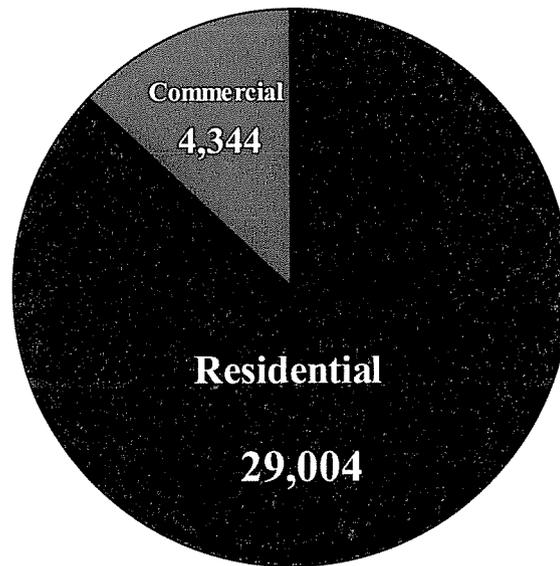
Introduction

Columbia Gas of Kentucky's ("Columbia's") application requesting approval of its initial Customer Choice Program described an annual report to be filed with the Kentucky Public Service Commission ("Commission"). The initial pilot program began in 2000 and terminated on March 31, 2005. Columbia's new pilot Customer Choice Program became effective on April 1, 2005, and by subsequent Orders, the most recent dated February 3, 2011, was extended through March 31, 2014. The Commission's Order authorizing the current program required that Columbia continue to file annual reports. This ninth annual report will summarize the existing program and customer complaints.

The participating marketers are a combination of long term participants and new entrants during the past year in Columbia's CHOICE Program. The marketers provide numerous gas supply options. As of March 2011, Choice customers have saved (\$22,073,828). This savings is calculated as the amount paid by customers compared to the amount the customers would have paid if they had not opted to be supplied by a marketer in the first place. This is the grand total from the initial Choice program to most recent month available.



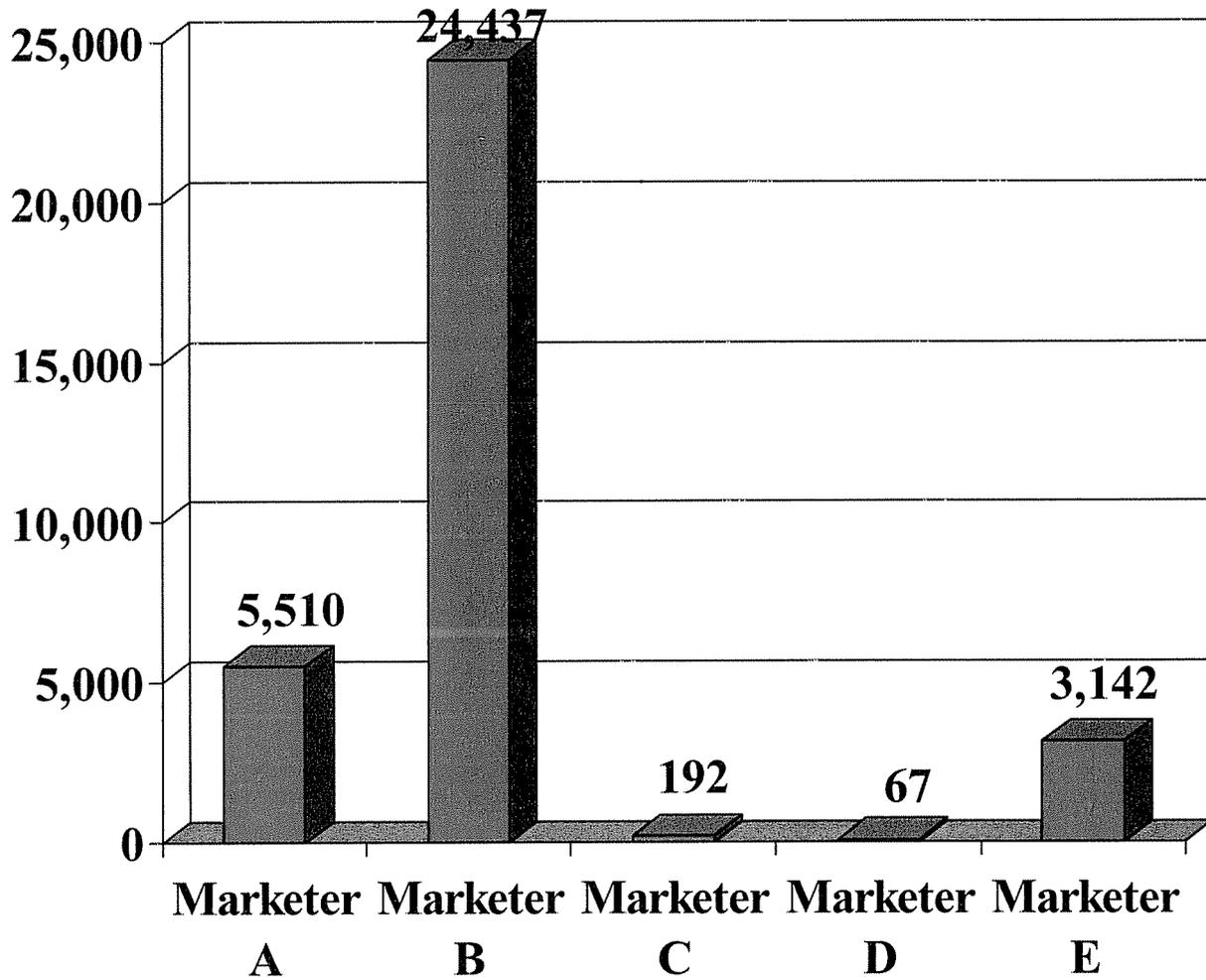
Residential & Commercial Customer Participation



As of March 15, 2011



Marketer Enrollment

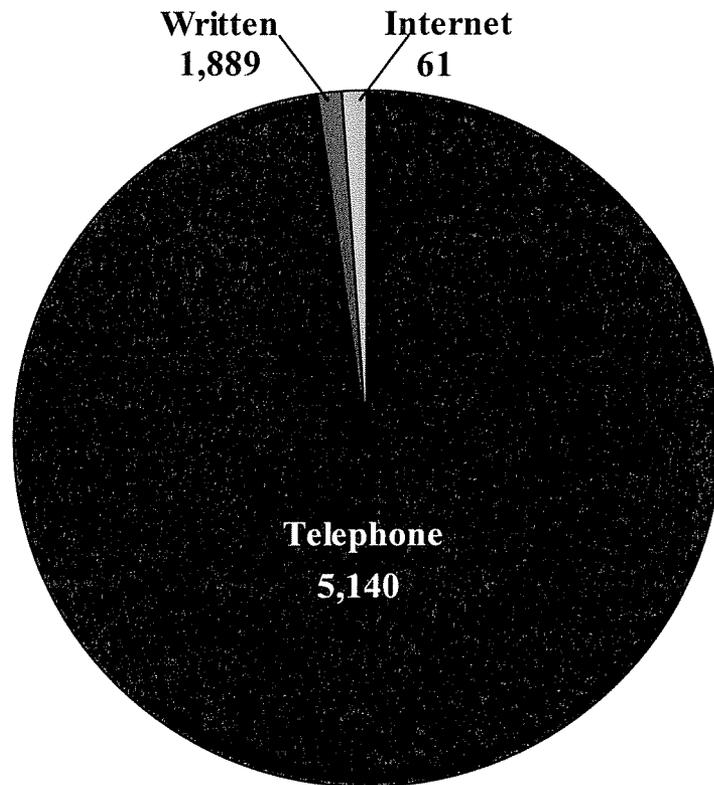


Note: In an effort to avoid undue influence in a competitive market, marketer data for this report will not be identified by specific marketer name.

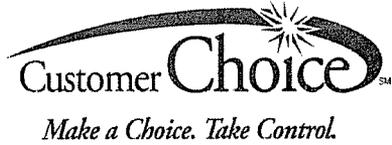
As of March 15, 2011



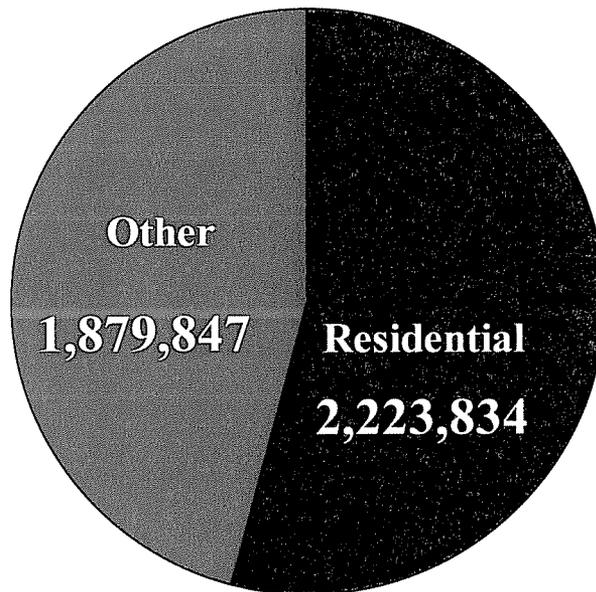
Methods of Enrollment



As of May 15, 2011



Total Volumes Purchased From Marketers By Participating Customers (Mcf)

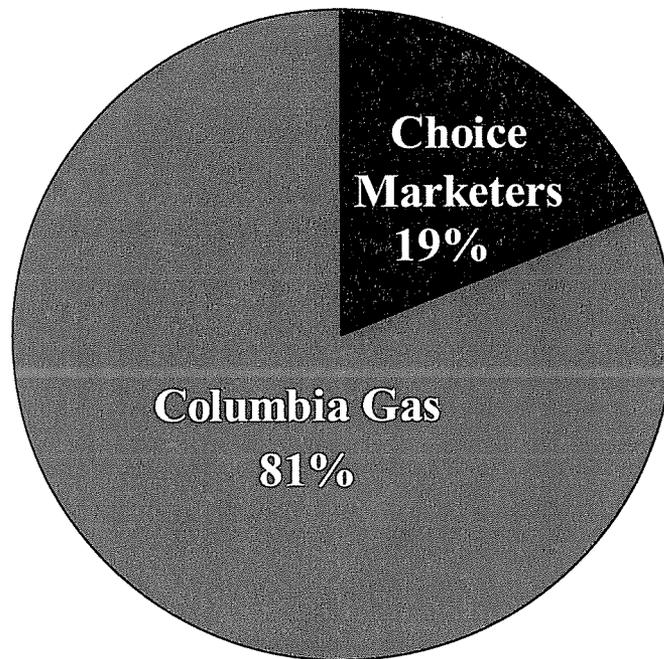


Total = 4,103,681 Mcf Annually

As of March 31, 2011



Percentage of Customer Participation By Volume



19 percent of total eligible throughput is being supplied by a Choice marketer.

As of March 31, 2011

Certified Marketers

Interstate Gas Supply, Inc.
dba IGS Energy
Vincent Parisi
6100 Emerald Parkway
Dublin, Ohio 43016
800-280-4474

MxEnergy.com, Inc.
Kristin Kreuder
595 Summer Street, Suite 300
Stamford, Connecticut 06901
800-785-4373

Stand Energy Corporation
John M. Dosker
1071 Celestial Street, Suite 110
Cincinnati, Ohio 45202-1629
800-598-2046

Gateway Energy Services Corporation
Joseph Waldman
400 Rella Blvd., Suite 300
Montebello, NY 10901
(800) 244-2275

Volunteer Energy Services, Inc.
Richard A. Curnutte, Sr.
790 Windmill Drive
Pickerington, Ohio 43147
800-977-8374

*U. S. Gas and Electric, Inc.
d/b/a/ Kentucky Gas & Electric
1309 U. S. Highway 127 South, Suite B #351
Frankfort, KY 40601
888-919-5943
*

* First month to enroll customers will be June 2011

Rates Charged by Marketers

The following marketer rates are not identified by marketer name in order to avoid undue influence in a competitive market.

| Marketer | Rates as of May 2011 |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A | \$ 9.79 per Mcf \$ 7.99 per Mcf \$ 8.19 per Mcf \$ 14.79 per Mcf \$ 8.49 per Mcf \$ 13.50 per Mcf \$ 8.99 per Mcf \$ 8.09 per Mcf \$ 15.84 per Mcf \$ 8.89 per Mcf \$ 12.69 per Mcf \$ 6.49 per Mcf \$ 7.79 per Mcf \$5.99 per Mcf \$14.65 per Mcf \$7.10 per Mcf \$17.17 per Mcf \$6.95 per Mcf \$10.58 per Mcf \$6.59 per Mcf \$5.56 per Mcf |
| B | \$ 7.99 per Mcf \$ 8.99 per Mcf \$ 8.24 per Mcf \$ 8.49 per Mcf \$ 6.99 per Mcf \$ 9.49 per Mcf \$ 7.24 per Mcf \$ 6.97 per Mcf \$ 7.20 per Mcf \$ 7.90 per Mcf \$ 6.78 per Mcf \$ 7.49 per Mcf \$ 8.50 per Mcf \$ 6.74 per Mcf \$ 7.90 per Mcf \$ 7.74 per Mcf \$ 12.70 per Mcf \$ 13.27 per Mcf |

| | |
|---|-------------------------------------------------------|
| C | \$ 7.55 per Mcf \$ 6.86 per Mcf \$ 6.50 per Mcf |
| D | \$ 6.16 per Mcf |
| E | \$6.09 per Mcf \$6.19 per Mcf |

Customer Concerns

The Customer Contact Center received 2,778 calls from May 2010 through April 2011 from customers seeking information about the Customer Choice Program. The nature of the concerns of the customers are shown below.

| | |
|--------------------|-------|
| Choice Information | 2,192 |
| Customer Exclusion | 30 |
| Marketer Complaint | 15 |
| Marketer Savings | 257 |
| Price to Compare | 275 |
| Send Brochure | 9 |